

CHAPTER III

FINANCIAL MANAGEMENT

Introduction

Perhaps the most important element of CDBG administration is financial management. Without adequate books, recordkeeping and reporting systems, even the best program may face an adverse audit.

This chapter outlines the financial management standards and procedures for administering state CDBG grants. Grantees should become familiar with these standards and procedures to facilitate project administration and to avoid having problems arise at the time of grant close-out and audit.

Financial Management Standards

The basic standards and requirements governing the financial management of CDBG projects consist of those found in:

1. 24 CFR 85, "Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federal by Recognized Indian Tribal Governments," as modified by 24 CFR 570, Subpart J, "Grant Administration";
2. OMB Circular A-87 "Cost Principles for State and Local Governments"; and
3. CDBG Management Handbook - Procedures for State and Local Governments for grant payments, program monitoring, reporting, and program execution.

In some cases, DED has modified requirements of 1 and 2 above. The rules outlined in this manual shall be given preference in such cases.

Areas of Financial Management

This chapter outlines the basic procedures and forms necessary to comply with CDBG standards in four areas of financial management. These areas cover:

1. Grant payment procedures;
2. Establishing and maintaining the CDBG accounting system;
3. Identifying and using program income; and
4. Reporting on grant financial activity to DED.

Examples of financial management procedures and forms pertaining to these areas are presented where appropriate.

GRANT PAYMENT

Five steps must be completed before grant recipients can receive CDBG monies:

1. **executing the grant agreement;**
2. **submitting two original Authorized Signature (SFM01) Forms to DED;**
3. **submitting two original Designation of Depository (SFM02) Forms to DED;**
4. **submitting an Automatic Clearing House (ACH) application; and**
5. **sending the first Request for Funds (RFF) Form to DED.**

The procedures involved in completing these steps are described below.

Executing the Grant Agreement

Execution of the grant agreement is complete only after the grant agreement has been signed by the grantee and by the director of the Department of Economic Development. Generally, the process of executing the grant agreement occurs in the following way:

1. After reviewing and approving the grant application, DED notifies the applicant that the proposed project has been selected for funding and that a contract agreement will be forthcoming.
2. DED then prepares a contract agreement and forwards copies to the applicant.
3. The applicant executes the agreement by signing, attesting, and stamping it with the **official seal** of the community.
4. The applicant returns all copies to DED.
5. The copies are then signed and approved by the Director of DED.
6. A copy of the fully executed grant agreement is returned to the applicant.

Aside from acknowledging acceptance of the CDBG award, execution of the grant agreement serves at least two other purposes. One, it acknowledges that the recipient accepts and will comply with all Federal and State requirements governing administration of the grant; and two, it sets out the terms and conditions of the award that must be satisfied before funds will be released for certain activities. Costs for exempt project activities can be incurred only **after** the date of the grant agreement. Costs for project activities that are subject to specific contract conditions (e.g., environmental review) can be incurred only after execution of the agreement and removal of the conditions. (See Notice of Removal of Grant Conditions in the Environmental Review Chapter.)

SAMPLE GRANT AGREEMENT BETWEEN DED AND COMMUNITY



(DED Form GA-2005)
STATE OF MISSOURI
DEPARTMENT OF ECONOMIC DEVELOPMENT
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

This grant agreement is made by and between the State of Missouri, Department of Economic Development (DED), herein called the "State" or "DED," and the City/County of _____ herein called the "Grantee," pursuant to the authority of the Housing and Community Development Act of 1974 (Public Law 93-383), as amended, herein referred to as "The Act" and commonly referred to as the Community Development Block Grant Program (CDBG). The Grantee's submissions (including "Assurances") for CDBG assistance, Department of Housing and Urban Development (HUD) regulations at 24 CFR Part 570, the State's FY-2005 "Consolidated Plan," the State's FY-2005 CDBG Administrative Manual, and the State's FY-2005 CDBG Program Guidelines (as now in effect and as may be amended from time to time), which are incorporated by reference, together with the DED Funding Approval form, and any special conditions, which are hereto attached, constitute part of this Agreement.

In reliance upon and in consideration of the mutual representations and obligations hereunder, the State and the Grantee agree as follows:

1. Subject to the provision of this Grant Agreement, the State will make the funding assistance for Federal fiscal year 2005 specified in the attached DED Funding Approval form available to the Grantee upon execution of the Agreement by the parties. The obligation and utilization of the funding assistance provided is subject to the requirements for a release of funds by the State under the Environmental Review Procedures at 24 CFR Part 58 for any activities requiring such release.
2. The Grantee agrees to assume all of the responsibilities for environmental review, decision making, and actions, as specified and required in Section 104(g) of the Act and published in 24 CFR Part 58.
3. The Grantee agrees to comply with all applicable requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601), Sections 104(d), 104(k), and 105(a)(11) of the Act.
4. The grantee agrees to comply with the lead-based paint hazard control laws and regulations specified in Title X of the Housing and Community Development Act of 1992, implementing regulations at 24 CFR Part 35; State statutes governing the licensing and conduct of persons addressing lead paint at Sections 701.300 - 701.324 of RSMO and Work Practice Standards at 19 CSR 30-70; and compliance with OSHA regulations at 29 CFR 1926.
5. The Grantee agrees to accept responsibility for adherence to this Agreement by subrecipient entities to which it makes funding assistance available.
6. The Grantee agrees that any and all such amount of local funds or in-kind (force account) services or materials indicated in the attached Funding Approval form shall be equal to or greater than the amount indicated.
7. The Grantee agrees that any proposed construction-related activity budget variances (from the Funding Approval form) in excess of 10% of the amount of this Agreement or \$10,000 (whichever is a lesser amount) shall be approved by DED in writing prior to an obligation of funds for such activity; however, any variance shall be approved by the Grantee's governing body in advance of an obligation of such activity. No variance is allowed for non-construction activities, such as administration, engineering, audit, and inspection, unless approved by DED.
8. The Grantee agrees to complete the project in its entirety as indicated in the Funding Approval form unless amended in writing by an agreement of all parties.
9. The Grantee agrees to comply with all requirements imposed by the State concerning special requirements of law, program requirements, and other administrative requirements, including, but not limited to, the requirement that a grant recipient must repay to the State, upon sale of the CDBG-funded real property to a non-eligible entity, a pro-rata portion of the proceeds of the sale, as set forth in the CDBG Administrative Manual.
10. The Grantee agrees that any CDBG funds remaining from the allocation indicated in the Funding Approval form after the project has been completed shall be returned to DED if they have been drawn to the Grantee's local depository, or cancelled if such funds have not been drawn.

11. The Grantee agrees to comply with OMB Circular A-133, which governs the auditing requirements of these grant monies in accordance with the Single Audit Act of 1984 (amended 1996), and to provide DED with all required audits. The CFDA # is 14.228.
12. The Grantee agrees that State and HUD officials shall have full access to any documents or materials relating to this Agreement at any reasonable time.
13. The Grantee agrees that all funds received under this Agreement shall be held and used by the Grantee for the purpose of accomplishing the project only, and none of the funds so held or received shall be diverted to any other use or purpose.
14. The Grantee agrees that any material prepared by the Grantee or persons or firms employed or contracted by the Grantee shall not be subject to copyright, and the State shall have the unrestricted authority to publish, distribute, or otherwise use, in whole or in part, any reports, data, or other material prepared under this agreement.
15. The Grantee agrees to comply with the terms of the DED conflict of interest policy.
16. The Grantee agrees that any approval of contracts, sub-contracts, material or service orders, or any other obligation by the Grantee or its agents shall not be deemed an obligation by the State, and the State shall not be responsible for fulfillment of the Grantee's obligations.
17. The Grantee agrees to comply with the citizen participation requirements set out in Section 104(a) of the Act, including the State's written Citizens Participation Plan in accordance with Section 508 of the Housing and Community Development Act of 1987.
18. The Grantee agrees to adopt and enforce a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in nonviolent civil rights demonstrations in accordance with Section 519 of Public Law 101-144, and also agrees to enforce applicable State and local laws against physically barring entrance to or exit from a facility or location which is the subject of such non-violent civil rights demonstrations within its jurisdiction.
19. Any Grantee receiving over \$100,000 in CDBG funds agrees to carry out the terms of the "Certification Regarding Government-Wide Restriction on Lobbying" attached hereto and made a part hereof by signing same.
20. The Grantee agrees to comply with the policies and procedures set forth in Executive Order 96-03 for the protection of Missouri's wetlands.
21. The Grantee agrees to obtain and comply with all relevant State and/or Federal permits and licenses related to construction and operation of any development activity funded by CDBG. The Grantee agrees and understands that copies of those permits and licenses shall be made available to CDBG, DED, or HUD upon request. The Grantee acknowledges that a lack of any such applicable permit or license may restrict access by the Grantee to the grant funds made available by this Agreement.
22. In the event that the State or an audit has determined that the Grantee has failed to comply with this Agreement, the Grantee shall perform remedial actions to correct the deficiency, as determined by the State, which may include:
 - a. Repayment or reimbursement of CDBG funds spent inappropriately to the State or local CDBG fund (at DED's discretion);
 - b. The return of CDBG funds deposited at the Grantee's local financial institution to the State;
 - c. The return of any equipment, materials, or supplies purchased, leased, or lease purchased using CDBG funds to DED or the supplier; and
 - d. Other actions as the State deems appropriate.Such actions shall be performed by the Grantee in the time period specified by the State in writing to the Grantee. The State may refuse requests for CDBG funds by the Grantee or other actions as the State deems appropriate to ensure proper performance of the terms of this agreement.
23. The State may terminate this agreement in whole or in part, at any time before the date of completion, whenever it is determined by the State that the Grantee has failed to comply with the conditions of this Agreement. The State shall notify the Grantee in writing of the determination and the reasons for the termination, together with the effective date. The Grantee shall not incur new obligations for the terminated portion

after the effective date of the revocation of the Agreement, and it shall be the Grantee's duty to cancel all outstanding obligations that are legally possible.

24. The State and Grantee each binds himself to his successors, executors, administrators, assigns, and legal representatives to the other party to this Agreement and to the successors executors, administrators, assigns, and legal representatives of such other party, in respect to all covenants, agreements, and obligations of this agreement.
25. The State agrees that it may at any time, in its sole discretion, give any consent, deferment, subordination, release, satisfaction, or termination of any or all of the Grantee's obligations under this Agreement, with or without valuable consideration, upon such terms and conditions as the State may determine to be (a) advisable to further the purpose of the project or to protect the State's financial interest therein, and (b) consistent with both the statutory purposes of the grant and the limitations of the statutory authority under which it was made.

IN WITNESS WHEREOF, the parties hereto have made and executed this Agreement as of the day and year indicated in the Funding Approval form.

GRANTEE (CITY/VILLAGE/COUNTY):

STATE OF MISSOURI

TYPED NAME:

TYPED NAME:

SIGNATURE

SIGNATURE

CHIEF EXECUTIVE OFFICER DATE
(City Mayor, Village Board Chairman, or
Presiding County Commissioner)

Michael Mills, Deputy Director DATE
On behalf of Gregory A. Steinhoff, Director
DEPARTMENT OF ECONOMIC DEVELOPMENT

TYPED NAME:

SIGNATURE

ATTEST DATE
(City, Village, County Clerk, or other official of the
Grantee)

Note: The Grantee's seal must be affixed over the Grantee's signatures. If no such seal exists, it must be properly notarized. Three copies with original and typed signatures are required.

Under Title 1 of the Housing and Community Development Act of 1974 (Public Law 93-383) as amended.

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Completing and Submitting Authorized Signature Form (SFM01)

Grant recipients must prepare and submit to DED the Authorized Signatures Form (included herein). This form designates not less than two or more than four local officials who will be authorized to sign the Requests for Funds (RFF). Persons signing the Signature Form must be city/county officials and/or city/county employees. The names and titles of these persons must be typed on the Signature Form and signed by each person **exactly** as their name appears in typed form. Another independent local official must then certify that the individuals listed at the top of the form are authorized to co-sign RFFs by signing on the bottom portion of the form. The certifying official **must be the highest ranking elected official whose name is not listed as a co-signer on the Signature Form.** This official cannot co-sign RFFs submitted to DED. Administrators who are not city/county officials and/or city/county employees are not permitted to sign the Signature Form.

Note: Per Sections 54.100 and 95.060 RSMO 1978, county and city treasurers will control the receipt of county or city monies and should disburse the same.

Two copies of the completed Signature Form with **original** signatures, free of erasures and corrections, must be sent to DED. A third copy should be placed in the grantee's project files. New signature forms must be resubmitted if less than two signatures remain with authority to submit RFFs, or a separate DED award is made to the same recipient in a subsequent year.

Completing and Submitting Designation of Depository Form (SFM02)

Grant recipients must also notify DED where grant payments are to be deposited. This requires that recipients submit information about the account to DED on the Designation of Depository form. **The state will only transfer funds (from any/all state sources, including CDBG) to one account per entity.** *Example: the city of Anytown currently receives sales tax from the state, and has been awarded CDBG funds. The state will deposit the sales tax funds and the CDBG funds into the same account.* The grantee must designate, on the SFM02 form, the account into which CDBG will transfer the funds. However, the CDBG Program requires that the CDBG funds be kept in a separate, non-interest bearing account. Therefore, the funds should be transferred, from the account into which they are deposited, to the CDBG account immediately upon receipt. The state will deposit CDBG funds into the separate CDBG account; however, the grantee should keep in mind that all other state funds received will be deposited into that account as well. In short, be advised that the state will only transfer funds to **one** account, and it is up to the grantee to designate that account.

*****IMPORTANT POLICY CHANGE:** As of February 24, 2005, the State has implemented a recent policy that purges vendor account information from the state accounting system for vendors with no activity for a period of 14 months or more. Please be certain to monitor the status of activity on your CDBG and/or state account. Additionally, the city/county can only be set up with the state through one general account. It is up to the cities and counties to distribute the money where it needs to go once it is transferred to the bank account. The Office of Administration has started to eliminate all accounts that are not the general account. Usually, general accounts are set up through the Treasurer of the unit of local government.

All checks issued on the CDBG bank account are required to have two signatures.

The Designation of Depository form consists of two sections, one to be completed and signed by the CDBG recipient and the other by the bank. The bank certifies that the account is non-interest bearing and indicates how CDBG deposits are insured.

According to Section 110.010 RSMO 1978, "all public funds in banking institutions shall be secured by the deposit of securities." The statute further states that "the value of securities deposited and

maintained by a legal depository under Section 110.010 shall at all times be not less than one hundred percent of the actual amount of the funds on deposit with the depository, less the amount, if any, insured by the Federal Deposit Insurance Corporation." All recipients should obtain a pledge of collateral security from the participating bank for coverage of all amounts of CDBG funds over FDIC coverage. This will be monitored during the grant period.

Two copies of the completed depository form with **original** signatures must be sent to DED. The recipient should retain a third copy for the project files.

Automatic Clearing House Application (ACH)

All CDBG funds must be disbursed via Automatic Clearing House. The ACH form (included herein) must be submitted. **Please note that the ACH form has changed. You are no longer required to submit a voided check or deposit slip with the application.** The form must have the account number and the routing number of the bank. Be sure that the account number is the same as the account number on the Designation of Depository Form (SFM02). The form should be signed by the mayor/presiding commissioner, as well as by the authorized person of the listed financial institution. **Leave the space for the vendor number blank, CDBG will assign.**

Vendor Input Form

The Vendor Input Form should be completed if there has been a change in address or other identifying information for the grantee. This form is used to update the state's vendor records and to eliminate duplicate accounts for the same city or county. CDBG will inform you if a Vendor Input form is required under any other circumstance.

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AUTHORIZED SIGNATURES FOR CDBG REQUESTS FOR FUNDS (SFM01)

NAME OF RECIPIENT		PROJECT #	
PERIOD OF CONTRACT	TO	RECIPIENT FISCAL YEAR END DATE	CONTRACT #
THE INDIVIDUALS NAMED BELOW ARE AUTHORIZED TO SIGN ALL REQUESTS FOR FUNDS (RFF) DOCUMENTS.			
TYPED NAME	TITLE	SIGNATURE EXACTLY AS IT APPEARS IN TYPED FORM	
CERTIFICATION: I certify that the above signatures are of the individuals authorized to co-sign requests for funds. (Note: This person must be the highest ranking elected official whose name is not listed above.)			
TYPED NAME:	TITLE	SIGNATURE	TELEPHONE () DATE
ADMINISTRATIVE CONTRACTS:		ACCOUNTING SYSTEM USED:	
PROJECT ADMINISTRATOR: (person responsible for over-all supervision of the CDBG grant)		<input type="checkbox"/> CDBG <input type="checkbox"/> OWN	
TYPED NAME	TELEPHONE ()		
ADDRESS	CITY	ZIP CODE	
FINANCIAL ASSISTANT: (person responsible for submitting requests for funds)		FEDERAL EMPLOYER ID #:	
TYPED NAME	TELEPHONE ()		
ADDRESS	CITY	ZIP CODE	
		STATE USE ONLY	
		FIELD STAFF	FISCAL
NOTE: Recipient should retain one copy and send two originally signed copies free of erasures or corrections to DED.			

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AUTHORIZED SIGNATURES FOR CDBG REQUESTS FOR FUNDS (SFM01)

NAME OF RECIPIENT City of Anytown, Missouri		PROJECT # 94-PF-01	
PERIOD OF CONTRACT 7-1-94 TO N/A	RECIPIENT FISCAL YEAR END DATE 6/30	CONTRACT # N/A	
THE INDIVIDUALS NAMED BELOW ARE AUTHORIZED TO SIGN ALL REQUESTS FOR FUNDS (RFF) DOCUMENTS.			
TYPED NAME Clara Clerk	TITLE City Clerk	SIGNATURE EXACTLY AS IT APPEARS IN TYPED FORM <i>Clara Clerk</i>	
Terry Treasurer	City Treasurer	<i>Terry Treasurer</i>	
Connie Collector	City Collector	<i>Connie Collector</i>	
Conrad Councilman	City Councilman	<i>Conrad Councilman</i>	
CERTIFICATION: I certify that the above signatures are of the individuals authorized to co-sign requests for funds. (Note: This person must be the highest ranking elected official whose name is not listed above.)			
TYPED NAME Marvin Mayor	TITLE Mayor	SIGNATURE <i>Marvin Mayor</i>	TELEPHONE 314) 555-1234
			DATE 8-3-94
ADMINISTRATIVE CONTACTS:		ACCOUNTING SYSTEM USED: <input checked="" type="checkbox"/> CDBG <input type="checkbox"/> OWN	
PROJECT ADMINISTRATOR: (person responsible for over-all supervision of the CDBG grant)			
TYPED NAME Doug Director	TELEPHONE (314) 555-1234 ex:12		
ADDRESS P.O. Box 1234, Anytown, Missouri 12345		FEDERAL EMPLOYER ID #: 69-123456789	
FINANCIAL ASSISTANT: (person responsible for submitting requests for funds)		STATE USE ONLY FIELD STAFF FISCAL	
TYPED NAME Frank Finance	TELEPHONE (314) 555-1234 ex:14		
ADDRESS P.O. Box 1234 Anytown, Missouri 12345			
NOTE: Recipient should retain one copy and send two originally signed copies free of erasures or corrections to DED.			

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DESIGNATION OF DEPOSITORY: DIRECT DEPOSIT (SFM02)

		PROJECT NO.	CONTRACT NO.
SECTION 1: DESIGNATION		SECTION 2: CERTIFICATION BY DEPOSITORY	
RECIPIENT		<p>The account identified in Section 1 has been established with this bank. It is a non-interest bearing account. All necessary documentation, including a power of attorney where necessary, which will enable this bank to receive CDBG funds directly from the State of Missouri to _____ without any endorsement by the payee, has been received and is in this depository's custody.</p> <p style="text-align: center;">Account No.</p> <p>This depository's deposits are insured by _____ appropriate collateral will be pledged by this bank any time that the depositor's balance exceeds this insurance limit.</p> <p style="text-align: center;">Insurance</p> <p>Immediately upon deposit of CDBG funds, we will notify the recipient and, subsequently, provided a copy of the check and documentation of deposit. Monthly statements and copies of all checks will be provided to the recipient.</p>	
ADDRESS			
CITY	STATE		
An account for the direct deposit of CDBG funds has been established at the following bank:		<p>AUTHORIZED BANK OFFICER'S TYPED NAME</p> <p style="text-align: right;">DATE</p>	
BANK NAME			
ADDRESS			
CITY	STATE	ZIP CODE	SIGNATURE OF AUTHORIZED BANK OFFICER
The account number to which all CDBG checks will be deposited is:		SECTION 3: DED PROCESSING	
ACCOUNT NO.			
I certify that this is a non-interest bearing account, which shall be maintained on a basis consistent with Treasury Circular 1075.		FIELD STAFF	FISCAL
GRANTEE CHIEF EXECUTIVE'S TYPED NAME		DATE	DATE RECEIVED
SIGNATURE OF GRANTEE CHIEF EXECUTIVE		CDBG APPROVAL INITIALS	FISCAL APPROVAL INITIALS
<p>NOTE: RECIPIENT SHOULD RETAIN ONE COPY AND SEND TWO SIGNED COPIES FREE OF ERASURES OR CORRECTIONS TO DED.</p>			

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MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

DESIGNATION OF DEPOSITORY: DIRECT DEPOSIT (SFM02)

PROJECT NO.

94-PF-01

CONTRACT NO.

N/A

SECTION 1: DESIGNATION		SECTION 2: CERTIFICATION BY DEPOSITORY	
RECIPIENT <p align="center">City of Anytown, Missouri</p>		<p>The account identified in Section 1 has been established with this bank. It is a non-interest bearing account. All necessary documentation, including a power of attorney where necessary, which will enable this bank to receive CDBG funds directly from the State of Missouri to <u>1-23-456</u> without any</p> <p align="center"><small>Account No.</small></p> <p>endorsement by the payee, has been received and is in this depository's custody.</p> <p>This depository's deposits are insured by: <u>F.D.I.C.</u> Appropriate collateral</p> <p align="center"><small>Insurance</small></p> <p>will be pledged by this bank any time that the depositor's balance exceeds this insurance limit.</p> <p>Immediately upon deposit of CDBG funds we will notify the recipient and, subsequently, provide a copy of the check and documentation of deposit. Monthly statements and copies of all checks will be provided to the recipient.</p>	
ADDRESS <p align="center">P.O. Box 1234, 501 Main Street</p>			
CITY <p align="center">Anytown, Missouri</p>	STATE 	ZIP CODE <p align="center">12345</p>	
An account for the direct deposit of CDBG Funds has been established at the following bank:			
BANK NAME <p align="center">Anytown Bank</p>			
ADDRESS <p align="center">505 Elm Street</p>		AUTHORIZED BANK OFFICER'S TYPED NAME <p align="center">Bob Banker</p>	
CITY <p align="center">Anytown, Missouri</p>		DATE <p align="center">8-4-94</p>	
STATE 		SIGNATURE OF AUTHORIZED BANK OFFICER <p align="center"><i>Bob Banker</i></p>	
ZIP CODE <p align="center">12345</p>			
The account number to which all CDBG checks will be deposited is:			
ACCOUNT NO. <p align="center">1-23-456</p>			
I certify that this is a non-interest bearing account which shall be maintained on a basis consistent with Treasury Circular 1075.			
		SECTION 3: DED PROCESSING	
		FIELD STAFF	FISCAL
GRANTEE CHIEF EXECUTIVE'S TYPED NAME <p align="center">Marvin Mayor</p>		DATE <p align="center">8-3-94</p>	DATE RECEIVED
SIGNATURE OF GRANTEE CHIEF EXECUTIVE <p align="center"><i>Marvin Mayor</i></p>		DATE RECEIVED 	DATE RECEIVED
		CDBG APPROVAL INITIALS: 	FISCAL APPROVAL INITIALS:
NOTE: RECIPIENT SHOULD RETAIN ONE COPY AND SEND TWO SIGNED COPIES FREE OF ERASURES OR CORRECTIONS TO DED.			

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STATE OF MISSOURI
OFFICE OF ADMINISTRATION
VENDOR ACH/EFT APPLICATION

SECTION A: TO BE COMPLETED BY SUBMITTING VENDOR (INCLUDING STATE EMPLOYEE) INSTRUCTIONS ON REVERSE SIDE			
DESCRIPTION <input type="checkbox"/> NEW <input type="checkbox"/> CHANGE <input type="checkbox"/> CANCEL			
TAXPAYER ID TYPE (CHECK ONE) <input type="checkbox"/> 1 = FED BUS ID <input type="checkbox"/> 2 = SSN		TAXPAYER ID NUMBER	
VENDOR NUMBER (11 DIGITS)			
VENDOR NAME (30 CHARACTERS MAXIMUM)		LEGAL NAME OF ENTITY OR INDIVIDUAL (30 CHARACTERS MAXIMUM)	
ADDRESS		TELEPHONE NUMBER WITH AREA CODE	
CITY	STATE	ZIP CODE	
SECTION B: TO BE COMPLETED BY STATE EMPLOYEE ONLY (OTHER VENDOR SKIP THIS SECTION)			
HOME ADDRESS		HOME PHONE NUMBER	
CITY	STATE	ZIP CODE	
SECTION C: TO BE COMPLETED BY SUBMITTING VENDOR (INCLUDING STATE EMPLOYEE)			
FINANCIAL INSTITUTION NAME		IF CHANGE PLEASE INDICATE PREVIOUS FINANCIAL INSTITUTION NAME	
FINANCIAL INSTITUTION ADDRESS		FINANCIAL INSTITUTION TELEPHONE NUMBER	
CITY	STATE	ZIP CODE	
DEPOSITOR ROUTING NUMBER		IF CHANGE PLEASE INDICATE PREVIOUS ROUTING NUMBER	
DEPOSITOR ACCOUNT NUMBER		IF CHANGE PLEASE INDICATE PREVIOUS ACCOUNT NUMBER	
DEPOSITOR ACCOUNT TYPE (CHECK ONE) <input type="checkbox"/> SAVINGS <input type="checkbox"/> CHECKING			
SECTION D: FINANCIAL INSTITUTION CERTIFICATION			
I certify that the above Depositor Routing Number and Depositor Account Number to be true and accurate for the Vendor.			
FINANCIAL INSTITUTION NAME		AUTHORIZED SIGNATURE	DATE
SECTION E: VENDOR AUTHORIZATION			
<input type="checkbox"/> I (we) hereby authorize the State of Missouri, to initiate credit entries to my (our) account indicated above at the depository financial institution named above, and to credit the same such account. I (we) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. law. This authorization is to remain in full force and effect until the State of Missouri, Office of Administration has received written notification from me (or either of us) of its termination in such time and in such manner as to afford the State of Missouri and the financial institution a reasonable opportunity to act on it.			
<input type="checkbox"/> I (we) hereby cancel my/our ACH/EFT authorization.			
AUTHORIZED VENDOR REPRESENTATIVE OR STATE EMPLOYEE SIGNATURE			DATE
SECTION F: STATE AGENCY USE ONLY			
I have reviewed the Vendor information for completeness and accuracy			
AUTHORIZED AGENCY SIGNATURE		DATE	TELEPHONE NUMBER
SECTION G: OFFICE OF ADMINISTRATION USE ONLY			
I have reviewed and entered the above information			
SIGNATURE	DATE	VERIFICATION SIGNATURE	DATE

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VENDOR ACH/EFT APPLICATION INSTRUCTIONS

Fill in the appropriate boxes as described below

SECTION A: TO BE COMPLETED BY SUBMITTING VENDOR (INCLUDING STATE EMPLOYEE)

DESCRIPTION

Check the appropriate box for this submission

TAXPAYER ID TYPE

Check 1 if your taxpayer ID is a Federal Employers Identification number (FEIN) or 2 if your taxpayer ID is a Social Security Number (SSN)

TAXPAYER ID NUMBER

Enter the FEIN or SSN associated with the legal name of the entity or individual

VENDOR NUMBER (11 DIGITS)

If known, enter the vendor number assigned to your business or individual by the State of Missouri

VENDOR NAME

Enter the name of the entity or individual: **Individual** - Enter your name (Last Name, First Name and Middle Initial)

Sole Proprietor - Enter name of Business **Corporation** - Enter your Doing Business As (DBA) name **Other** - Enter your entity's name

LEGAL ENTITY NAME

Enter Legal Name of Entity or Individual as filed with IRS: **Individual** - Enter your name (Last Name, First Name and Middle Initial)

Sole Proprietor - Enter owner's name (Last Name, First Name and Middle Initial) **Corporation** - Enter your name as it appears on the charter or other legal document creating it and as filed with the IRS **Other** - Enter your entity's name as filed with the IRS

ADDRESS

Enter your mailing address

TELEPHONE NUMBER

Enter your telephone number with area code

CITY, STATE, ZIP CODE

Enter your city, state and zip code for the street address

SECTION B: TO BE COMPLETED BY STATE EMPLOYEE ONLY

HOME ADDRESS

Enter your home address

HOME PHONE NUMBER

Enter your home phone number

CITY, STATE, ZIP CODE

Enter your city, state and zip code for the address

SECTION C: TO BE COMPLETED BY SUBMITTING VENDOR

FINANCIAL INSTITUTION NAME, ADDRESS, CITY, STATE, ZIP CODE, PHONE NUMBER

Enter in this information provided to you by your bank

NOTE: If this is a request for a "CHANGE" please provide your previous financial institution name in the space provided

DEPOSITOR ROUTING NUMBER

Enter your financial institution's routing number

NOTE: If this is a request for a "CHANGE" please provide your previous routing number in the space provided

DEPOSITOR ACCOUNT NUMBER

Enter your account number

NOTE: If this is a request for a "CHANGE" please provide your previous account number in the space provided

DEPOSITOR ACCOUNT TYPE

Please select type of account (savings or checking)

SECTION D: FINANCIAL INSTITUTION CERTIFICATION

FINANCIAL INSTITUTION CERTIFICATION

Application must be signed by a representative of your bank after bank verification

NOTE: If this section of the application is not completed the application will be returned and not processed

SECTION E: VENDOR AUTHORIZATION

VENDOR AUTHORIZATION

Must be signed by an authorized representative or state employee before application can be processed by the Office of Administration, Division of Accounting

GENERAL INSTRUCTIONS

If the applicable sections of this application are not complete, the application will not be processed by the Office of Administration, Division of Accounting
ACH transactions will be effective approximately one month after the application is approved by the Office of Administration, Division of Accounting

Changing Financial Institution or Depositor Account (within the same Financial Institution)-All deposits will continue to be deposited into your present account until the Office of Administration, Division of Accounting has been notified that you have changed your banking information. At which time you will need to submit a new Vendor ACH/EFT Application making sure to check the appropriate "CHANGE" box at the top of the form, and completing the applicable fields on this form

NOTE: Failure to obtain the Financial Institution Certification may result in delayed payments to vendor. Do not close an old account until the first transaction has been deposited into your new account.

FY2006 CDBG Administrative Manual
Financial Management



STATE OF MISSOURI
OFFICE OF ADMINISTRATION
VENDOR INPUT

PRINT OR TYPE

SECTION A: VENDOR INFORMATION (COMPLETED BY VENDOR) SEE SECTION A & GENERAL INSTRUCTIONS

NAME			
ADDRESS FIELD 1 (ROOM, APT, SUITE NO., STREET NAME/NO., ETC.)		ADDRESS FIELD 2 (PO BOX NO.)	
CITY		STATE	ZIP CODE
VENDOR CONTACT NAME	VENDOR CONTACT E-MAIL ADDRESS	VENDOR CONTACT TELEPHONE NUMBER	
LEGAL NAME OF ENTITY OR INDIVIDUAL (ENTITY NAME FILED WITH IRS FOR TIN)			
1099 ADDRESS		CITY	STATE ZIP CODE
TAXPAYER ID NUMBER (TIN)	TAXPAYER ID (TIN) TYPE (CHECK ONE) <input type="checkbox"/> FEIN <input type="checkbox"/> SSN	EXEMPT FROM BACKUP WITHHOLDING <input type="checkbox"/>	
VENDOR TYPE (CHECK OR X ONE OF THE BOXES IN FRONT OF THE APPLICABLE VENDOR TYPE) <input type="checkbox"/> CORPORATION <input type="checkbox"/> INDIVIDUAL <input type="checkbox"/> FEDERAL/MILITARY GOVERNMENT <input type="checkbox"/> STATE/LOCAL GOVERNMENT <input type="checkbox"/> STATE EMPLOYEE <input type="checkbox"/> PARTNERSHIP <input type="checkbox"/> SOLE PROPRIETOR <input type="checkbox"/> OTHER: (ENTER VENDOR TYPE: I.E., CHURCH)			
COMMENTS			

CERTIFICATION FOR STATE OF MISSOURI

I certify that the above information is accurate and complete in accordance with the Vendor Input Form Instructions.

SIGNATURE (You may not sign the form on-line. Please sign prior to sending it to a state agency for processing.)

NAME (PRINT OR TYPE)	TITLE	DATE Mar 9, 2005
----------------------	-------	---------------------

CERTIFICATION FOR INTERNAL REVENUE SERVICE (IRS)

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), **and**
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, **and**
3. I am a U.S. person (including a U.S. resident alien)

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For all real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See W-9 Instructions on irs.gov website for more information.)

The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.

SIGNATURE (You may not sign the form on-line. Please sign form prior to sending to a state agency, if applicable, according to the IRS Certification statement.)
Mar 9, 2005

SECTION B: STATE OF MISSOURI AGENCY USE ONLY (COMPLETED BY SUBMITTING STATE AGENCY)

ACTION TYPE (CHECK ONE) <input type="checkbox"/> ADD <input type="checkbox"/> CHANGE <input type="checkbox"/> DELETE		VENDOR CODE/NUMBER	VENDOR TYPE	STATE AGENCY NUMBER
STATE AGENCY NAME		STATE AGENCY ADDRESS		
STATE AGENCY CONTACT NAME (PLEASE PRINT OR TYPE)		STATE AGENCY CONTACT TELEPHONE NUMBER (INCLUDE AREA CODE) ()		
STATE AGENCY CONTACT EMAIL ADDRESS				
ADDITIONAL INFORMATION				
SIGNATURE		NAME (PRINT OR TYPE)		DATE

MO 300-1489 (9-04)

SAM II

FY2006 CDBG Administrative Manual
Financial Management

VENDOR INPUT FORM INSTRUCTIONS

SECTION A: TO BE COMPLETED BY VENDOR (ALL FIELDS REQUIRED UNLESS OTHERWISE STATED) SUBMIT THIS COMPLETED VENDOR INPUT FORM TO THE STATE AGENCY YOU ARE DOING BUSINESS WITH.

Name	Enter the name of the entity or individual name that is to appear on checks, EFTs or Purchase Orders, etc. Corporation – Enter your Doing Business As (DBA) name Federal/Military Government – Enter the legal name of entity as filed with the IRS Individual – Enter your name (Last Name, First Name, and Middle Initial) Partnership – Enter the name of the business as filed with the IRS Sole Proprietor – Enter the business name State Employee – See "Individual" for this field's coding instructions State/Local Government – Enter the legal name of entity as filed with the IRS Other – Enter your entity's name
Address Field 1	Complete this field if you have a room number, apartment number, suite number and/or street name/number
Address Field 2	Complete this field if you have a PO Box number for the address included in Address Field 1
City, State, Zip Code	Enter your city, state, and 5 or 9 digit zip code for Address Field 2 if completed. If Address Field 2 is not completed, enter the city, state, and 5 or 9 digit zip code for Address Field 1
Vendor Contact Name	Enter the name of the individual authorized by the vendor to answer questions about information on this form
Vendor Contact E-Mail Address	Enter the e-mail address, if one exists, for individual's name entered in the Vendor Contact Name field
Vendor Contact Telephone Number	Enter the telephone number, including area code, of the individual listed in the Vendor Contact Name field
Legal Name of Entity or Individual	Enter the Legal Name of Entity or Individual associated with the active taxpayer identification number in the Taxpayer ID Number field. Corporation – Enter the Corporate name as it is filed with the IRS Federal/Military Government – Enter the legal name of entity as filed with the IRS Individual – Enter Last Name, First Name, and Middle Initial as filed with the Social Security Admin (SSA) Partnership – Enter the name of the business as filed with the IRS Sole Proprietor – Enter the Owner's name (Last Name, First Name, and Middle Initial) as filed with the SSA State Employee – See "Individual" for this field's coding instructions State/Local Government – Enter the legal name of entity as filed with the IRS Other – Enter the legal name of entity as filed with the IRS
1099 Address	Enter address that the IRS Form 1099 should be sent to if one is issued. Leave this field blank unless this address is different from the address entered in the Address Fields 1 and 2
City, State, Zip Code	Enter your 1099 mailing address, city, state, and 5 or 9 digit zip code. Complete these fields if you entered an address in the 1099 Address field
Taxpayer ID Number (TIN)	Enter the nine digit Federal Employer Identification Number (FEIN) or Social Security Number (SSN) associated with the Legal Name of Entity or Individual as filed with the Internal Revenue Service (IRS) or Social Security Administration (SSA) and entered in the Legal Name of Entity or Individual field in this section of the form
Taxpayer ID (TIN) Type	Check one: FEIN – Federal Employer Identification Number or SSN – Social Security Number
Exempt from Backup Withholding	Check box if exempt from backup withholding (See General Instructions)
Vendor Type	Check the box in front of the applicable vendor type listed as registered with the IRS or SSA. If Other is selected, enter the vendor type on the line provided
Comments	If you are a tax exempt organization please state "Exempt" in the comments field and attach a copy of the letter received from the IRS that your entity is exempt. If there has been a change in the status of your business, such as type of ownership, business type, etc., include the effective date of the change and briefly describe the change. This space is also provided for any vendor who has additional information that you would like to provide on this form
CERTIFICATION FOR STATE OF MISSOURI:	
Signature	Signature of individual listed in the Name field or the entity's representative authorized by the entity to sign the certification
Name	Print or type the individual's name who signed the Signature field
Title	Individuals – Leave this field blank. Business Entity – Enter the title of person who signed in the Signature field, if a title exists
Date	Enter date this form is signed
CERTIFICATION FOR THE INTERNAL REVENUE SERVICE:	
Signature	Please read the complete IRS Certification as published by the IRS. The IRS does not require your consent to any provision of the IRS statement other than the certifications required to avoid backup withholding
Date	Enter date if the IRS Certification Signature field is completed. Leave this field blank if the Signature field is not completed
If all required fields on this form are not completed, the form will not be processed by the Office of Administration, Division of Accounting.	

VENDOR INPUT FORM INSTRUCTIONS

SECTION B: STATE OF MISSOURI AGENCY USE ONLY (ALL FIELDS REQUIRED UNLESS OTHERWISE STATED) SUBMIT THIS APPLICATION AS DOCUMENTED IN THE SAM II FINANCIAL POLICY & PROCEDURES, VENDOR ACTIVITIES (SECTION L).

Action Type	Check one: Check Add if the vendor name and address is not in the current vendor file and your agency has received prior approval from OA/Accounting to submit adds via fax Check Change if changing the existing vendor number information. Note: If change is checked, supply a brief statement in the Additional Information field explaining the purpose for the change Check Delete if deleting an existing vendor number. Note: If Delete is checked, supply a brief statement in the Additional Information field explaining the purpose for the delete
Vendor Code/Number	Action Type Field is Add – Enter the TIN (FEIN or SSN) number or the first 9 digits of the alternate number if an alternative vendor number was pre-approved by OA/Accounting Action Type Field is Change – Enter the 11-digit vendor number Action Type Field is Delete – Enter the 11-digit vendor number
Vendor Type	Enter the vendor type. Valid vendor types are: DV – Vendor code to be deleted GI – State of Missouri Agency ("I" Vendor and "E" Vendor Codes) MS – Miscellaneous Vendor Code (Use only if a Misc Vendor Code was pre-approved by OA/Accounting) SE – State Employee VG – Vendor/General Address (All vendors not defined above as DV, GI, MS or SE vendor)
State Agency Number	Enter your agency's 3-digit agency number
State Agency Name	Enter your state agency's name
State Agency Address	Enter your state agency's interagency mailing address. If your agency does not have an interagency mailing address, then supply your mailing address
State Agency Contact Name	Enter the name of the individual within your agency who can be contacted if OA/Accounting has questions related to the completion of this form
State Agency Contact Telephone Number	Enter the telephone number, including area code, of the individual listed in the State Agency Contact Name field
State Agency Contact E-Mail Address	Enter the e-mail address of the individual listed in the State Agency Contact Name field
Additional Information	If Change or Delete was checked in the Action Type field, enter a brief statement in this field explaining the purpose for and the effective date of the change/delete. This space is provided for your use if you have any additional information that you would like to include on this form
Signature	Signature of individual authorized by your agency to submit this form. OA/Accounting does not maintain an authorized agency signature list for this purpose
Name	Print or type the name of the individual that signed in the Signature field
Date	Enter date this form is signed

Note: State Agency personnel must complete Section B. If this section is not completed the form will not be processed by OA/Accounting.

ADDITIONAL INSTRUCTIONS FOR SECTION B

For each change or delete vendor request, the vendor must complete Section A of this form and the state agency doing business with this vendor must complete Section B prior to any update being made in the SAM II Financial system vendor file.

All forms must be faxed to OA/Accounting as stated in the SAM II Financial Policy & Procedures, Vendor Activities (Section L), Changing Vendor Information in SAM II section to the established fax number.

Forms will not be accepted through any other mechanism (handcarried, mail, etc.) unless the state agency receives prior approval from OA/Accounting.

Forms will not be accepted directly from vendors unless prior approval is received from OA/Accounting.

Vendor adds are required to be submitted online to OA/Accounting through SAM II Financial. Prior to submitting any adds through fax agencies must obtain written authorization from OA/Accounting.

All forms received that are not completed in their entirety will be returned to the submitting state agency.

VENDOR INPUT FORM INSTRUCTIONS

GENERAL INSTRUCTIONS

Below are excerpts from the IRS W-9 instructions for your use in completing the Vendor Input Form. See the irs.gov website for additional information.

Foreign Person	If you are a foreign person, use the appropriate Form W-8 (see Pub. 515 Withholding of Tax on Nonresident Aliens and Foreign Entities). The appropriate Form W-8 is to be sent to the state agency instead of the Vendor Input Form.
Nonresident alien who becomes a resident alien	Generally, only a nonresident alien individual may use the terms of a tax treaty to reduce or eliminate U.S. tax on certain types of income. However, most tax treaties contain a provision known as a "saving clause." Exceptions specified in the saving clause may permit an exemption from tax to continue for certain types of income even after the recipient has otherwise become a U.S. resident alien for tax purposes.
Penalties	Failure to furnish TIN – If you fail to furnish your correct TIN to a requestor, you are subject to a penalty of \$50 by the IRS for each such failure unless your failure is due to reasonable cause and not willful neglect.
Exempt from Backup Withholding	If you are exempt, enter your name as described below, check the appropriate box for your status, and check the "Exempt from Backup Withholding" field, sign and date the form. Generally, individuals (including sole proprietors) are not exempt from backup withholding. Corporations are exempt from backup withholding for certain payments, such as interest and dividends. Note: If you are exempt from backup withholding, you should still complete this form to avoid possible erroneous backup withholding.
Certification	To establish to the withholding agent that you are a U.S. person or resident alien. Please refer to the W-9 Form Specific Instructions and Purpose of Form on the irs.gov website.

What Name and Number to Provide:

For this type of Account: Give name and SSN of:

- | | |
|---|--|
| 1. Individual | The individual |
| 2. Two or more individuals (joint account) | The actual owner of the account or, if combined funds, the first individual account ¹ |
| 3. Custodian account of a minor (Uniform Gift to Minors Act) | The minor ² |
| 4. a. The usual revocable savings trust (grantor is also trustee) | The grantor-trustee ¹ |
| b. So-called trust account that is not a legal or valid trust under state law | The actual owner ¹ |
| 5. Sole Proprietorship or single owner LLC | The owner ³ |

For this type of Account: Give name and EIN of:

- | | |
|--|---------------------------|
| 6. Sole Proprietorship or single owner LLC | The owner ³ |
| 7. A valid trust, estate or pension trust | Legal entity ⁴ |
| 8. Corporate or LLC electing corporate status on IRS Form 8832 | The corporation |
| 9. Association, club, religious, charitable, educational, or other tax-exempt organization | The organization |
| 10. Partnership or multi-member LLC | The partnership |
| 11. A broker or registered nominee | The broker or nominee |
| 12. Account with the Dept. of Agriculture in the name of a public entity (such as a state or local government, school district, or prison) that receives agricultural program payments | The public entity |

¹ List first and circle the name of the person whose number you furnish. If only one person on a joint account has a SSN, that person's number must be furnished.

² Circle the minor's name and furnish the minor's SSN.

³ **You must show your individual name**, but you may also enter your business or "DBA" name. You may use either the SSN or EIN (if you have one).

⁴ List first and circle the name of the legal trust, estate, or pension trust. (Do not furnish the TIN of the personal representative or trustee unless the legal entity itself is not designated in the account title.)

CDBG FUNDING FORMS CHECKLIST

Authorized Signature Form (SFM01)

- ☐ Have two SFM01 forms with original signatures been submitted?
- ☐ Has the form been signed (certified) by the highest ranking elected official NOT listed as a co-signor on the SFM01?*
- ☐ Does the form designate not less than two or more than four city/county employees or officials?
- ☐ Does the form include your Federal Employer ID number (FEIN)?

* The certifying official **MUST** be the highest-ranking **elected official** whose name is not listed as a co-signor on the Signature Form.

Designation of Depository Form (SFM02)

- ☐ Have two SFM02 forms with original signatures been submitted?
- ☐ Is the account number indicated on the form the only account designated to receive state funds? (The state will only transfer funds to one account per entity.)
- ☐ Is the account indicated on the form an interest-bearing account?
If yes, have arrangements been made to immediately transfer CDBG monies from the account once deposited?
- ☐ Has the CDBG recipient signed the form?
- ☐ Has the financial institution signed the form and certified the appropriate section?

Automatic Clearing House Application (ACH)

- ☐ If the information on the form is for a change of financial institution or account number for an existing account, is the correct box checked on the top of the form, and is the old information listed on the form along with the new?
- ☐ Has the financial institution provided an authorized signature on the form?
- ☐ Is the account number indicated on the form the same account number designated on form SFM02?
- ☐ Has only one original ACH form been submitted?
- ☐ Has the appropriate box been checked on Section E?

REQUEST FOR FUNDS (RFF)

After DED receipt and approval of the above items, CDBG recipients are permitted to submit a Request for Funds Form (RFF). Please note the following items regarding an RFF:

- The minimum amount that may be requested is \$1,000. Grantees are not allowed to keep a cash balance in excess of \$1,000 for more than five days ("five day rule").
- Requisitions are limited to funds for exempt activities (e.g., planning, audit, administration, and engineering design) until the Environmental Review process is complete and a Notice of Removal of Grant Conditions has been issued. (See the Environmental Review Chapter.)
- With the "five-day rule," recipients should request funds to meet actual current cash requirements. In order to meet the five-day criteria, local funds should not be deposited in the **same** checking account as CDBG funds.
- All RFF forms should be numbered sequentially and maintained as part of the financial management file. No erasures or corrections will be accepted on any of the forms submitted.
- Two signatures are required on each RFF. Persons co-signing the RFF must be listed as authorized to sign on the Signature Form. Signatures must be signed exactly as they appeared in typed form on the Signature Form. **Use of blue ink for signatures is very helpful for review of RFFs.** We request that you use blue ink when possible.
- Blank RFFs should **never** be presigned by city officials.
- Recipients will be limited to submitting no more than two RFFs per month.
- Funds may not be transferred between activity line items, which exceed 10% of the total grant award or \$10,000, whichever is less, without prior approval by DED through the amendment process. **No monies** may be transferred into administration, engineering (design and inspection), other professional services, or legal line items without prior approval from DED through the amendment process. Unless amended, line item expenditures should reflect actual amounts spent (see RFF #3--Budget Status Report--herein).
- Recipients are permitted to establish escrow accounts to facilitate payments to small contractors in **a housing rehabilitation program only**. **Amounts held in the escrow account must not exceed the normal cash flow need of 10 days. The escrow account may be interest bearing.** The interest earned can be used to pay administrative costs; however, interest in excess of \$100 earned in a calendar year must be returned to DED.

For public facility projects, the maximum allowable drawdown for administration funds is as follows:

- 25% upon removal of grant conditions
- 50% upon approval of first contractor's payroll (for force account work, this will be after first drawdown for labor; for in-kind labor, this will be after first draw for materials)
- 75% upon 50% construction draw
- **90% prior to final paperwork – 10% of administration must remain until closeout.**
- 100% after completion of all final paperwork with possible exception of audit

For neighborhood development projects, the maximum allowable drawdown for administration funds is as follows:

- 25% upon removal of grant conditions
- 50% upon completion of three houses
- **90% prior to final paperwork – 10% of administration must remain until closeout**
- 100% after completion of all final paperwork with possible exception of audit

Steps Summary

1. Execute grant agreement with DED.
2. Prepare and submit the other required documents to DED.
3. Complete two original Authorized Signature forms and submit to DED.
4. Complete two original Designation of Depository forms and submit to DED.
5. Complete Automatic Clearing House application and submit to DED.
6. Submit initial Request for Funds Form for exempt activity line items, if necessary.
7. Complete environmental review for the project.
8. Submit Request for Release of Funds and Certification to DED for approval.
9. After receipt from DED of Notice of Removal of Grant Conditions, RFFs are submitted as needed in accordance with above policies.
10. In completing the RFF, several things should be kept in mind. Section 1 (E), Section 2 (K), and the "Amount of this Request" space in the upper right hand corner should all indicate the **same** amount. Section 1 (A) and the "Total" line of section 3 should agree. Section 1 (B) must reflect actual cash on hand.

RFF#	
Date	
Amount of this request	
\$	

Period of Contract: _____ to _____ Contract # _____

PAYEE/details	PROGRAM ACTIVITIES (Taken from Grant Contract Agreement. Appendix A/Funding Approval)	AMOUNT
	Description	Number
Miscellaneous (Total of payments under \$1,000 each)		
RFF Due		
Total (must equal Section I, Line A)		\$ -

Missouri Department of Economic Development
Community Development Block Grant Program
Budget Status Report

A. Name of Recipient	B. Project Number
Address (City, State, Zip)	

C: Statement of Program Costs

Program Activities (taken from Grant Contract Agreement, Appendix A/Funding Approval) <i>Description</i> (a) <i>Number</i>	Grant Award (b)	This Request (c)	Previous CDBG Funds Requested (d)	Remaining CDBG Funds b-(c+d) (e)
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
				\$0.00
TOTALS	\$ -	\$ - ¹	\$ - ²	\$ - ³

1. Same as Section 2(K).
2. Same as Section 2, (I) and (J).
3. Same as Section 2, (M).

SAMPLE RFF #1

State Use Only	
Staff:	
Accounting:	
Check No:	
Check Date:	

Missouri Department of Economic Development
Community Development Block Grant Program
Request for Funds Form (RFF)

RFF#	1
Date	1/5/1993
<i>Amount of this request</i>	
\$7,000.00	

Name of Recipient: Anytown, Missouri Project # 94-PF-01

Period of Contract: 7/1/1994 to N/A Contract # N/A

Instructions Submit the originally signed form to: CDBG Program, ATTN: RFF, Department of Economic Development PO Box 118, Jefferson City, MO 65102. The grantee must keep one copy for their files. The form must be typed and free of corrections. If

Section 1: Amount of Funds Requested

(A) payment due:	\$ 6,000.00
(B) (less) cash on hand:	\$ -
(C) (less) amount of RFF due:	\$ -
(D) (plus) cash balance desired: (\$1,000 maximum)	\$ 1,000.00
(E) <i>amount of this request</i>	\$ 7,000.00

Note: Funds in excess of \$1,000 must be spent within 5 days or returned to DED. Make check Payable to State of Missouri.

Section 2: Status of Funds

(F) CDBG grant award:	\$ 200,000.00
(G) (plus) program income:	\$ -
(H) total funds (F+G)	\$ 200,000.00
(I) previous CDBG funds received:	\$ -
(J) RFF due:	\$ -
(K) <i>amount of this request:</i>	\$ 7,000.00
(L) total (I+J+K):	\$ 7,000.00
(M) remaining CDBG funds (F-L)	\$ 193,000.00

Section 3: Identification of Program Costs

Identify all individual payments of \$1,000 or more. Individual payments less than \$1,000.00 may be totalled and entered on the Miscellaneous line. Attach an additional sheet if necessary.

PAYEE/details	PROGRAM ACTIVITIES (Taken from Grant Contract Agreement. Appendix A/Funding Approval)	AMOUNT	
	Description		Number
Grant Administrator	Administration	\$ 1,000.00	35
John Doe Engineering	Engineering Design	\$ 5,000.00	36
<i>Miscellaneous (Total of payments under \$1,000 each)</i>			
RFF Due			
Total (must equal Section I, Line A)		\$ 6,000.00	

Section 4: Authorized Signatures

I hereby affirm that the information above is true and correct, and the funds requested will be used according to the conditions of the CDBG grant agreement with the State of Missouri.

Typed name: <u>Clara Clerk</u>	Signature: _____	Date: <u>1/5/1993</u>
Typed name: <u>Conrad Councilman</u>	Signature: _____	Date: <u>1/5/1993</u>

Only authorized persons may sign the RFF form, and they must do so in the same manner as the signature card.

Preparer: Frank Finance Telephone No. 314-555-1234

FY2006 CDBG Administrative Manual
Financial Management

SAMPLE RFF #2

State Use Only	
Staff: _____	
Accounting: _____	
Check No: _____	
Check Date: _____	

Missouri Department of Economic Development
Community Development Block Grant Program
Request for Funds Form (RFF)

RFF# _____	2
Date: _____	4/3/1993
<i>Amount of this request</i>	
\$14,000.00	

Name of Recipient: Anytown, Missouri Project # 94-PF-01

Period of Contract: 7/1/1994 to N/A Contract # N/A

Instructions Submit the originally signed form to: CDBG Program, ATTN: RFF, Department of Economic Development PO Box 118, Jefferson City, MO 65102. The grantee must keep one copy for their files. The form must be typed and free of corrections. If an entry is an even dollar amount, include .00 to the entry (example \$1203.00)

Section 1: Amount of Funds Requested

(A) payment due:	\$	14,500.00
(B) (less) cash on hand:	\$	655.00
(C) (less) amount of RFF due:	\$	-
(D) (plus) cash balance desired: (\$1,000 maximum)	\$	165.00
(E) <i>amount of this request</i>	\$	14,000.00

Section 2: Status of Funds

(F) CDBG grant award:	\$	200,000.00
(G) (plus) program income:	\$	-
(H) total funds (F+G)	\$	200,000.00
(I) previous CDBG funds received:	\$	7,000.00
(J) RFF due:	\$	-
(K) <i>amount of this request:</i>	\$	14,000.00
(L) total (I+J+K):	\$	21,000.00
(M) remaining CDBG funds (F-L)	\$	179,000.00

Note: Funds in excess of \$1,000 must be spent within 5 days or returned to DED. Make check Payable to State of Missouri.

Section 3: Identification of Program Costs

Identify all individual payments of \$1,000 or more. Individual payments less than \$1,000.00 may be totalled and entered on the Miscellaneous line. Attach an additional sheet if necessary.

PAYEE/details	PROGRAM ACTIVITIES (Taken from Grant Contract Agreement. Appendix A/Funding Approval)	Description	Number	AMOUNT
Grant Administrator	Administration		35	\$ 1,000.00
John Smith	Relocation		28	\$ 7,500.00
B Construction Co.	Sewer		10	\$ 6,000.00
<i>Miscellaneous (Total of payments under \$1,000 each)</i>				
RFF Due				
Total (must equal Section I, Line A)				\$ 14,500.00

Section 4: Authorized Signatures

I hereby affirm that the information above is true and correct, and the funds requested will be used according to the conditions of the CDBG grant agreement with the State of Missouri.

Typed name: <u>Clara Clerk</u>	Signature: _____	Date: <u>4/3/1993</u>
Typed name: <u>Conrad Councilman</u>	Signature: _____	Date: <u>4/3/1993</u>

Only authorized persons may sign the RFF form, and they must do so in the same manner as the signature card.

Preparer: Frank Finance Telephone No. 314-555-1234

A. Name of Recipient	B. Project Number
Anytown, Missouri	
Address (City, State, Zip)	
PO Box 444, Anytown, Missouri 12345	94-PF-001

Program Activities <small>(taken from Grant Contract Agreement, Appendix A/Funding Approval)</small>			Grant Award	This Request	Previous CDBG Funds Requested	Remaining CDBG Funds b-(c+d)
<i>Description</i>	(a) <i>Number</i>	(b)	(c)	(d)	(e)	
Administration	35	\$5,000.00	\$500.00	\$ 2,000.00	\$2,500.00	
Audit	40	\$500.00	\$0.00	\$ -	\$500.00	
Engineering Desing	36	\$5,000.00	\$0.00	\$ 5,000.00	\$0.00	
Relocation	28	\$10,000.00	\$7,500.00	\$ -	\$2,500.00	
Streets	13	\$100,000.00	\$0.00	\$ -	\$100,000.00	
Sewer	10	\$79,500.00	\$6,000.00	\$ -	\$73,500.00	
					\$0.00	
					\$0.00	
					\$0.00	
					\$0.00	
					\$0.00	
					\$0.00	
					\$0.00	
					\$0.00	
					\$0.00	
TOTALS		\$ 200,000.00	\$ 14,000.00 ¹	\$ 7,000.00 ²	\$ 179,000.00 ³	

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SAMPLE RFF #3

State Use Only	
Staff: _____	
Accounting: _____	
Check No: _____	
Check Date: _____	

Missouri Department of Economic Development
Community Development Block Grant Program
Request for Funds Form (RFF)

RFF# _____	3
Date _____	8/15/1993
<i>Amount of this request</i>	
\$112,000.00	

Name of Recipient: Anytown, Missouri Project # 94-PF-01

Period of Contract: 7/1/1994 to N/A Contract # N/A

Instructions Submit the originally signed form to: CDBG Program, ATTN: RFF, Department of Economic Development PO Box 118, Jefferson City, MO 65102. The grantee must keep one copy for their files. The form must be typed and free of corrections. If an entry is an even dollar amount, include .00 to the entry (example \$1203.00)

Section 1: Amount of Funds Requested

(A) payment due:	\$	112,000.00
(B) (less) cash on hand:	\$	165.00
(C) (less) amount of RFF due:	\$	-
(D) (plus) cash balance desired:	\$	165.00
(\$1,000 maximum)		
(E) <i>amount of this request</i>	\$	112,000.00

Note: Funds in excess of \$1,000 must be spent within 5 days or returned to DED. Make check Payable to State of Missouri.

Section 2: Status of Funds

(F) CDBG grant award:	\$	200,000.00
(G) (plus) program income:	\$	-
(H) total funds (F+G)	\$	200,000.00
(I) previous CDBG funds received:	\$	21,000.00
(J) RFF due:	\$	-
(K) <i>amount of this request:</i>	\$	112,000.00
(L) total (I+J+K):	\$	133,000.00
(M) remaining CDBG funds (F-L)	\$	67,000.00

Section 3: Identification of Program Costs

Identify all individual payments of \$1,000 or more. Individual payments less than \$1,000.00 may be totalled and entered on the Miscellaneous line. Attach an additional sheet if necessary.

PAYEE/details	PROGRAM ACTIVITIES (Taken from Grant Contract Agreement. Appendix A/Funding Approval)	Description	Number		AMOUNT
Grant Administrator	Administration		35	\$	2,000.00
C Construction Co.	Streets		13	\$	33,000.00
B Construction Co.	Sewer		10	\$	77,000.00
<i>Miscellaneous (Total of payments under \$1,000 each)</i>					
RFF Due					
Total (must equal Section I, Line A)				\$	112,000.00

Section 4: Authorized Signatures

I hereby affirm that the information above is true and correct, and the funds requested will be used according to the conditions of the CDBG grant agreement with the State of Missouri.

Typed name: <u>Clara Clerk</u>	Signature: _____	Date: <u>8/15/1993</u>
Typed name: <u>Conrad Councilman</u>	Signature: _____	Date: <u>8/15/1993</u>

Only authorized persons may sign the RFF form, and they must do so in the same manner as the signature card.

Preparer: Frank Finance Telephone No. 314-555-1234

A. Name of Recipient Anytown, Missouri	B. Project Number
Address (City, State, Zip) PO Box 444, Anytown, Missouri 12345	94-PF-001

Program Activities (taken from Grant Contract Agreement, Appendix A/Funding Approval)			Grant Award	This Request	Previous CDBG Funds Requested	Remaining CDBG Funds b-(c+d)
<i>Description</i>	(a)	<i>Number</i>	(b)	(c)	(d)	(e)
Administration		35	\$5,000.00	\$2,000.00	\$ 2,500.00	\$500.00
Audit		40	\$500.00	\$0.00	\$ -	\$500.00
Engineering Desing		36	\$5,000.00	\$0.00	\$ 5,000.00	\$0.00
Relocation		28	\$7,500.00	\$0.00	\$ 7,500.00	\$0.00
Streets		13	\$100,000.00	\$33,000.00	\$ -	\$67,000.00
Sewer		10	\$82,000.00	\$77,000.00	\$ 6,000.00	(\$1,000.00)
						\$0.00
						\$0.00
						\$0.00
						\$0.00
						\$0.00
						\$0.00
						\$0.00
						\$0.00
						\$0.00
						\$0.00
						\$0.00
						\$0.00
TOTALS			\$ 200,000.00	\$ 112,000.00 ¹	\$ 21,000.00 ²	\$ 67,000.00 ³

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SAMPLE RFF #4

State Use Only	
Staff: _____	
Accounting: _____	
Check No: _____	
Check Date: _____	

Missouri Department of Economic Development
Community Development Block Grant Program
Request for Funds Form (RFF)

RFF# _____	4
Date _____	2/24/1994
<i>Amount of this request</i>	
\$65,000.00	

Name of Recipient: Anytown, Missouri Project # 94-PF-01

Period of Contract: 7/1/1994 to N/A Contract # N/A

Instructions Submit the originally signed form to: CDBG Program, ATTN: RFF, Department of Economic Development PO Box 118, Jefferson City, MO 65102. The grantee must keep one copy for their files. The form must be typed and free of corrections. If an entry is an even dollar amount, include .00 to the entry (example \$1203.00)

Section 1: Amount of Funds Requested

(A) payment due:	\$	65,165.00
(B) (less) cash on hand:	\$	165.00
(C) (less) amount of RFF due:	\$	-
(D) (plus) cash balance desired: (\$1,000 maximum)	\$	-
(E) <i>amount of this request</i>	\$	65,000.00

Section 2: Status of Funds

(F) CDBG grant award:	\$	200,000.00
(G) (plus) program income:	\$	-
(H) total funds (F+G)	\$	200,000.00
(I) previous CDBG funds received:	\$	133,000.00
(J) RFF due:	\$	-
(K) <i>amount of this request:</i>	\$	65,000.00
(L) total (I+J+K):	\$	198,000.00
(M) remaining CDBG funds (F-L)	\$	2,000.00

Note: Funds in excess of \$1,000 must be spent within 5 days or returned to DED. Make check Payable to State of Missouri.

Section 3: Identification of Program Costs

Identify all individual payments of \$1,000 or more. Individual payments less than \$1,000.00 may be totalled and entered on the Miscellaneous line. Attach an additional sheet if necessary.

PAYEE/details	PROGRAM ACTIVITIES (Taken from Grant Contract Agreement. Appendix A/Funding Approval)	AMOUNT
Description	Number	
Grant Administrator	Administration	35 \$ 665.00
C Construction Co.	Streets	13 \$ 64,000.00
CPA	Audit	40 \$ 500.00
<i>Miscellaneous (Total of payments under \$1,000 each)</i>		
RFF Due		
Total (must equal Section I, Line A)		\$ 65,165.00

Section 4: Authorized Signatures

I hereby affirm that the information above is true and correct, and the funds requested will be used according to the conditions of the CDBG grant agreement with the State of Missouri.

Typed name: <u>Clara Clerk</u>	Signature: _____	Date: <u>2/24/1994</u>
Typed name: <u>Conrad Councilman</u>	Signature: _____	Date: <u>2/24/1994</u>

Only authorized persons may sign the RFF form, and they must do so in the same manner as the signature card.

Preparer: Frank Finance Telephone No. 314-555-1234

A. Name of Recipient Anytown, Missouri	B. Project Number 94-PF-001
Address (City, State, Zip) PO Box 444, Anytown, Missouri 12345	

Program Activities (taken from Grant Contract Agreement, Appendix A/Funding Approval)					Previous CDBG Funds Requested	Remaining CDBG Funds b-(c+d)
<i>Description</i>	(a) <i>Number</i>	(b) <i></i>	(c) <i></i>	(d) <i></i>	(e) <i></i>	
Administration	35	\$5,000.00	\$500.00	\$ 4,500.00	\$0.00	
Audit	40	\$500.00	\$500.00	\$ -	\$0.00	
Engineering Desing	36	\$5,000.00	\$0.00	\$ 5,000.00	\$0.00	
Relocation	28	\$7,500.00	\$0.00	\$ 7,500.00	\$0.00	
Streets	13	\$100,000.00	\$64,000.00	\$ 33,000.00	\$3,000.00	
Sewer	10	\$82,000.00	\$0.00	\$ 83,000.00	(\$1,000.00)	
					\$0.00	
					\$0.00	
					\$0.00	
					\$0.00	
					\$0.00	
					\$0.00	
					\$0.00	
					\$0.00	
TOTALS		\$ 200,000.00	\$ 65,000.00 ¹	\$ 133,000.00 ²	\$ 2,000.00 ³	

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ESTABLISHING AND MAINTAINING THE CDBG ACCOUNTING SYSTEM

The accounting system used by local government recipients of CDBG funds must satisfy all of the unique requirements of CDBG. In particular, it must satisfy the standards governing a grantee's financial management system outlined in 24 CFR 85, Subpart C. These standards require that the recipient's accounting system must:

1. provide for accurate, current, and complete disclosure of the financial status of the CDBG project by eligible program activity;
2. be able to report data required in reports submitted to DED;
3. have records that identify adequately the source and disposition of funds for project activities (Recipients must be able to trace every CDBG dollar received and prove where it went and for what it was used - an audit trail **must** be established.);
4. provide effective control over and accountability for CDBG funds, property and other assets, including proper segregation of duties.
5. be able to compare actual expenditures with budgeted amounts by program activities;
6. provide adequate procedures for minimizing the time elapsing between the deposit of funds in the CDBG bank account and their disbursement;
7. have accounting records that are supported by source documentation; and
8. be able to document sources of funding other than CDBG project funds.

Recipients may elect either to use their existing accounting system or to use the accounting system described in this chapter. If recipients elect to use their existing accounting system, then they must demonstrate to DED that the system satisfies CDBG standards and requirements and can provide the information described herein. If recipients elect to use the accounting system described below, they should have no difficulty satisfying CDBG requirements and documenting financial decisions related to their CDBG programs. Space is provided on the Authorized Signature Form to indicate which accounting system will be used.

Accounting Records

The accounting records that are required to be maintained by Missouri's state CDBG grant recipients are listed below. These accounting records, or a copy of these records, should be kept at City Hall. At a minimum, the following information must be generated in any accounting system utilized for CDBG:

1. transaction date, description, source document reference and amounts;
2. summary of receipts (e.g., CDBG funds or program income);
3. summary of disbursements by program activity (eligible program activities are documented in the grant contract);
4. summary of cash transactions;
5. all source documents should be maintained for future review; and
6. if local and/or other agency funding are part of the funding agreement, then an accounting system (separate ledgers) should be maintained which provides information similar to items noted in 1 through 5 above.

One should keep in mind that the accounting records and procedures have been designed for non-accountants and specifically for use with CDBG projects. It is suggested that recipients go through the example of the CDBG accounting system included herein after they have reviewed the accounting requirements.

Document Coding

Transactions recorded in the accounting system must always be referenced to a source document (e.g., check number, RFF number, an amendment number or the original contract budget award).

Cash Control/Project Activity Ledger

Information maintained in the Cash Control/Project Activity Ledger provides a means of:

1. maintaining a record of CDBG funds to document that funds have been used to meet immediate needs;
2. documenting compliance with the State's cash balance policy;
3. recording the receipt of program income; and
4. preparing the RFF and other State financial documents.

Transactions should be posted in a timely manner in order to document that the recipient has controlled costs within the amount allocated for each of the approved activities. A separate ledger sheet may be used for each program activity if desired.

The Project Activity Ledger portion of the Cash Control/Project Activity Ledger provides:

1. a means of summarizing disbursements on a periodic basis to facilitate the comparison of actual expenditures to budgeted amounts; and
2. the documentation needed to report to the State on an activity basis.

Internal Control

It is essential that recipients establish internal controls in their financial management systems to provide effective control over and accountability for all funds, property and other assets and to ensure that they are used for authorized purposes. Some of the points that recipients should keep in mind when establishing internal controls are listed below.

- Financial management responsibilities should be separate so that no one has complete control over all phases of any significant transaction. *EX: Person(s) authorized to sign RFFs should be different from the person(s) authorized to write/sign the checks on the account.*
- Verification and reconciliation of cash balances with bank statements should be made by employees who do not handle or record cash or sign checks.
- All CDBG expenditures by the grantee should be approved by the City Council/County Commission through the normal "bill-paying" procedures prior to payment.

Steps for Establishing a CDBG Financial Management System

Establishing and maintaining the CDBG financial management system will require recipients to:

1. review 24 CFR 85 (Subpart C, in particular) and OMB Circular A-87;
2. decide which accounting system to use and notify DED of this decision on the Authorized Signature Card;

3. organize the accounting records, including the Cash Control/Program Activity Ledger and, if appropriate, the Other Projects Funds Ledger;
4. use the CDBG eligible activity codes in their records (taken from the grant contract documents);
5. establish an activity ledger account for each activity listed in the grant agreement (this should be incorporated into the Cash Control/Program Activity Ledger);
6. establish a separate ledger for each activity, showing contracts entered into and amounts expended (examples of both ledgers are included herein);
7. record all CDBG financial transactions on the appropriate journal or ledger;
8. establish internal controls in the financial management system; and
9. establish and maintain financial management files.

SAMPLE PROJECT LEDGER

Date	Transaction	Funds Available	Rff#	Check#	Cash Receipts	Cash Disbursements	Admin	Audits	Eng. Design	Relocation	Streets	Sewer
	Budget	200000					5000	500	5000	10000	100000	79500
6/16												
1/28	State of Missouri	7000	1		7000							
1/28	Grant Administrator			101		1000	1000					
1/10	J. Doe Engineering			102		5000			5000			
2/10	Newspaper			103		104	104					
1/4	Archaeologists, Inc.			104		231	231					
	Balance	193000			665		3665	500		10000	100000	79500
									0			
4/25	State of Missouri	14000	2		14000							
4/25	Grant Administrator			105		1000	1000					
4/27	John Smith			106		7500				7500		
4/27	B Construction Co.			107		6000						6000
	Balance	179000			165		2665	500	0	2500	100000	73500
6/8	Amendment									-2500		2500
	Balance	179000								0		76000
9/4	State of Missouri	112000	3		112000							
9/4	Grant Administrator			108		2000	2000					
9/4	B Construction Co.			109		77000						77000
9/6	C Construction Co.			110		33000					33000	
	Balance	67000			165		665	0	0	0	67000	\$(1,000.00)
3/2	State of Missouri	65000	4		65000							
3/5	C Construction Co.			111		64000					64000	
3/4	Grant Administrator			112		665	665					
4/10	CPA			113		500		500				
	Balance	2000			0		0	0	0	0	3000	\$(1,000.00)
	2000 to be deobligated											

Line #	Date	Description
1	6/16/92	Set up budgets for total grants and each expense category. (If local matching money is to be used, do not record it here. Keep it on a separate ledger sheet.)
4	1/28/93	Request For Funds (RFF) #1 received from DED, \$7000.00
5	1/28/93	Pay Grant Administrator \$1000.00 for administrative fees, Check #101
6	1/30/93	Pay Engineer \$5000.00 for engineering services, Check #102
7	2/10/93	Pay Newspaper \$104.00 for running public notices, Check #103
8	3/04/93	Pay \$231.00 to have cultural resource assessment done, Check #104
9		This line represents a subtotal of all activity-to-date. You may subtotal this ledger whenever it is the most convenient to you.
11	4/25/93	Request For Funds (RFF) #2 received from DED, \$14,000.00
12	4/25/93	Pay Grant Administrator \$1000.00 for administrative fees, Check #105
13	4/27/93	Pay John Smith \$7500.00 for relocation costs, Check #106
14	4/27/93	Pay "B Const. Company" \$6000.00 for work-to-date on the sewer, Check #107
15		Subtotal the grant activity-to-date.
17	6/08/93	All the relocation work was finished and \$2500.00 was left in its budget. The sewer project was expected to cost more than originally planned. Therefore, a formal amendment was sent in to DED, and approved, to transfer the \$2500.00 remaining in the relocation budget to the sewer budget. (Record transfers only if they have been formally amended and approved by DED.)
18		Subtotalled the grant activity-to-date.
20	9/04/93	Request For Funds (RFF) #3 received from DED, \$112,000.00
21	9/04/93	Pay Grant Administrator \$2000.00 for administrative fees, Check #108
22	9/04/93	Pay "B Const. Company" \$77,000.00 for work on sewer, final bill, Check #109
23	9/06/93	Pay "C Const. Company" \$33,000.00 for work-to-date on the street, Check #110
24		Subtotalled the grant activity-to-date. Note the negative balance on sewers. Show actual amounts expended and balance remaining in ledger, even if it is a negative balance, unless you get a formal amendment approved by DED. You are allowed to transfer the budgeted amounts between line items, up to 10% of the total grant, up to a \$10,000.00 limit, in all line items except audit, administration, and engineering. Money may be transferred out of those three, but not into them. Do not record these transfers unless formally approved by DED; just show the negative balances as done in this sample.

26	3/02/94	Request For Funds (RFF) #4 received from DED, \$65,000.00
27	3/05/94	Pay "C Const. Company" \$64,000.00 for work on streets, final bill, Check #111
28	3/04/94	Pay Grant Administrator \$665.00 for administrative fees, Check #112
29	4/10/94	Pay CPA \$500.00 to perform audit, Check #113
30		Subtotal final grant activity
33		\$2000.00 of grant money was not used. This will be deobligated.

Note: If there is any cash on hand at end of grant, it must be returned to DED.

DED FINANCIAL MANAGEMENT REPORTING

The Request for Funds Form (RFF), described in detail earlier in this chapter, provides DED with frequent financial management information that is useful in monitoring grantees' projects and updating DED's records. Aside from informing DED of the amount of funds being requested, the form indicates the amount of cash that recipients are keeping on hand, payments over \$1,000 or more, program income received to date, and the total amount of CDBG funds remaining in the project.

It is important that the Budget Status Report (reverse side of RFF) reflect the actual expenditures in each line item. As stated previously, monies may not be transferred between activity line items, which exceed 10% of the total grant award or \$10,000, whichever is less, without prior approval by DED through the amendment process. **No monies** may be spent which exceed the awarded amounts in the administration, engineering (design and inspection), other professional services, or legal line items without prior DED approval through the amendment process. The Budget Status Report is an important tracking tool for DED.

Action Fund (Economic Development Loans) Request for Funds: On Action Fund Requests for Funds, invoices covering the funds requested must be submitted with the RFF. Copies of the canceled checks, or proof of payment of all invoices submitted, must be retained by the grant recipient in the financial records for audit purposes.

PROGRAM INCOME

For the purposes of administering state CDBG grants, it is important to distinguish between two types of income: interest income and program income. **All bank accounts holding grant monies from the State must be non-interest bearing.** However, if interest is earned on CDBG funds it is considered to be interest income, and must be returned to HUD. Contact CDBG if interest is earned. In general, program income is defined as those revenues received by the CDBG recipient during the period that grant assistance is provided for grant-supported activities. For example, if a CDBG recipient has a housing rehabilitation or economic development loan program, the receipt of payment on the principal as well as any earned interest on the loan is considered to be program income. In addition to this form of program income, other specific forms of program income include:

- the proportional share of proceeds from the disposition of real property to the extent to which the property was purchased with CDBG monies (e.g., if CDBG monies were used to pay ninety percent of the acquisition cost of a parcel, ninety percent of the sale price of the property would be considered CDBG program income if the property was sold);
- the share of proceeds from special assessments levied to cover the cost of constructing a public work or facility proportional to the percent of CDBG monies used for construction;
- the interest earned from the investment of program income; and
- the payments of principal and/or interest on loans made with CDBG monies.

If the monies are considered program income, grantees **must** inform DED of the receipt of these monies and obtain DED **approval** concerning their use. **Program income must be identified clearly in the recipient's accounting system.** DED may, at its discretion, require CDBG recipients to return program income to the State. When recipients do retain program income, they must disburse program income **prior** to requisitioning additional monies from DED to finance approved community development activities.

Two situations involving program income have special rules. For proceeds derived from the sale of real property acquired with CDBG monies, program income shall be used for community development activities within the general purposes of the Housing and Community Development Act of 1974. However, the CDBG recipient **must obtain prior DED approval** to use program income in this manner. For program income to be received after grant close-out, recipients **must** consult with DED. At its discretion, DED may require that such program income be returned to the State, or allow it to be used by the recipient in other community development activities. A re-use plan for program income may be required to be submitted to DED prior to grant close-out. It may be necessary to undertake an environmental review for any new CDBG activities that are funded with program income.

Steps

1. Identify those activities that are likely to produce program income.
2. Review 24 CFR 85.25 and DED procedures regarding the use of program income.
3. Upon receipt of program income, record in the Cash Control/Program Activity Ledger indicating source, date and amount received.
4. Obtain DED approval for applying program income to any new or existing community development activity.
5. For program income derived from a revolving loan fund, request DED determination as to the disposition of program income at grant close-out.

6. After obtaining approval concerning allocation of program income to a CDBG eligible activity, make the appropriate journal entry to your accounting records.

RETURN OF OVERPAYMENT OR UNUSED FUNDS

From time to time, it may be necessary to reimburse or return funds to the state for RFFs requested and paid that are in excess of estimated payments. If such a situation occurs, return the overpayment or overdraw amount to the CDBG program at PO Box 118, Jefferson City, MO 65102. Checks should be made payable to State of Missouri – CDBG. This process is not to be confused with that for return of funds due to interest earned on deposited CDBG funds. **It is necessary to reconcile return of funds by subtracting the total amount of the return from the previous amount requested column of the appropriate activity on the back of the subsequent RFF to be submitted.**

LOCAL AND OTHER AGENCY MATCH

A primary consideration in the review of CDBG applications is the amount of local and other agency cash and in-kind resources proposed for the project. The Funding Approval form (part of the Grant Agreement) indicates the amount of resources that must be devoted to the project.

Local Cash Recordkeeping: The minimum records to maintain regarding local cash are the date, amount and purpose of each check written from local funds toward the project. It is recommended that local funds not be mixed with CDBG funds in the accounting system.

Other Agency Recordkeeping: Other agency funding is subject to the same audit requirements as CDBG funding. Recordkeeping is to be maintained in accordance with other agency requirements and should be accessible to DED review.

In-Kind (Force-Account) Recordkeeping: This includes non-cash actions such as using the grantee's employees to perform work on the project or to use construction materials from the grantee's stockpile. All force-account work which is paid for with CDBG funds or counted toward local match must be documented with time sheets.

CONTRACT OR FUNDING APPROVAL AMENDMENT

A contract amendment is required to be submitted in triplicate, all with original signatures, under the following conditions:

1. Change of more than 10% of grant award or \$10,000, whichever is less, in any line item of CDBG monies on the Funding Approval, other than professional services;
2. Transfer of any funds to any professional services line item;
3. Request for grant increase; and
4. Deobligation of left-over monies.

For any change of scope of the activities which does not involve budget items or which involves other agency or local funds, a letter signed by the city/county official requesting the change is used instead of this amendment form.

STATE OF MISSOURI
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
CONTRACT AMENDMENT/REQUEST #

Grantee Name _____ Project Number _____

Street or Box Number _____ City _____ State _____ Zip _____

Date of Request _____ Contract Award Date _____

NOTE: IN THE FOLLOWING, ENTER EACH CDBG LINE ITEM, WHETHER CHANGED OR NOT. ENTER ONLY CDBG LINE ITEMS.

ACTIVITY		Existing Budget	Revised Budget Request	Amount Increase/Decrease	% Change
No.	Title				
Totals					

Explanation of Request:

This amendment shall be effective on _____, 20____. All other terms and conditions of the contract, or any amendments thereto, shall remain unchanged. IN WITNESS WHEREOF, the parties hereto execute this agreement.

City/County Name _____ COMMUNITY DEVELOPMENT

Typed Authorized Signature _____ Sallie Hemenway, Director

Authorized Signature _____ Date _____

Title _____

Date _____

INSTRUCTIONS: SUBMIT THREE (3) ORIGINALLY-SIGNED COPIES TO DED

Revised 07/28/04

STATE OF MISSOURI
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM
CONTRACT AMENDMENT/REQUEST # 1

Grantee Name Anytown Project Number 2005-ND-01
123 Main Street Anytown MO 65123
Street or Box Number City State Zip
Date of Request 03/03/2006 Contract Award Date 07/01/2005

NOTE: IN THE FOLLOWING, ENTER EACH CDBG LINE ITEM, WHETHER CHANGED OR NOT. ENTER ONLY CDBG LINE ITEMS.

ACTIVITY		Existing Budget	Revised Budget Request	Amount Increase/Decrease	% Change
No.	Title				
09	water	\$20,000.00	\$20,000.00	\$0.00	0.00%
25	housing rehab	\$100,000.00	\$90,000.00	(\$10,000.00)	-10.00%
28	relocation	\$0.00	\$10,000.00	\$10,000.00	100.00%
35	administration	\$10,000.00	\$10,000.00	\$0.00	0.00%
37	housing inspection	\$5,000.00	\$5,000.00	\$0.00	0.00%
40	audit	\$1,000.00	\$1,000.00	\$0.00	0.00%
				\$0.00	0.00%
				\$0.00	0.00%
Totals		\$136,000.00	\$136,000.00		

Explanation of Request:

This amendment shall be effective on March 20, 2006. All other terms and conditions of the contract, or any amendments thereto, shall remain unchanged. IN WITNESS WHEREOF, the parties hereto execute this agreement.

Anytown COMMUNITY DEVELOPMENT
City/County Name

Typed Authorized Signature Sallie Hemenway, Director

Authorized Signature Date

Title

Date

INSTRUCTIONS: SUBMIT THREE (3) ORIGINALLY-SIGNED COPIES TO DED

Revised 07/28/04

****FINANCIAL MANAGEMENT HELPFUL HINTS****

- ❖ Keep your general ledger updated.
- ❖ Have a separate person balance your CDBG checkbook and initial completion.
- ❖ Understand all five steps to accessing actual grant funds.
- ❖ Do not keep grant funds in your account for more than five days.
- ❖ Review the funding approval for accuracy prior to executing it.
- ❖ Read the Grant Agreement.
- ❖ List several people on your signature form in case someone leaves.
- ❖ Call your bank if you think your draw should be there.
- ❖ Keep a paper trail.